

Gold and Silver

And the Path of National Safety.

The Salt Lake Tribune, perhaps the ablest advocate of free coinage in the United States, has prepared, in a catechismal form, a "plain statement of the fundamental facts on which silver men claim that silver should be re-monetized." For general information we reproduce below this statement and add some remarks of our own:

1. Q. What is the primary reason why silver men insist on the restoration of silver?
A. Because all prices are regulated by the volume of standard money in a country or in the world.

2. Q. Can you make this idea plain?
A. Yes. If the world had \$7,000,000,000 of standard money, and wheat was worth \$1 a bushel, to reduce it to 50 cents a bushel, to double it would have the effect to make wheat worth \$2 a bushel.

3. Q. What is meant by standard money?
A. It is when a nation makes a certain amount of any metal represent a unit of value. When one metal is used it is called a single standard; when two metals are used it is called a double standard.

4. Q. What was the special harm of demonetizing silver by our country, by Great Britain, by Austria, and most of the nations of Europe?
A. It had the effect to reduce the standard money of the world one-half, with a consequent reduction of prices amounting up to date to 50 per cent.

5. Q. Suppose prices were reduced one-half, what harm would it do?
A. We will take the case of the farmer to illustrate. Suppose the crop on which he obtained money was wheat, and he raised a thousand bushels, receiving \$1,000. Even then his profit would not be more than 10 per cent. Now, to reduce the price of that thousand bushels one-half, it leaves him only \$500, and that is not sufficient to pay the expenses of the farm.

6. What other harm, if any, has the demonetization of silver wrought?
A. At the time of demonetization, the public and private debt of the country amounted to at least \$5,000,000,000. The producers are the men who are in debt. They made a brave struggle working year after year, and now they are in interest. That interest gravitated mostly to the creditor classes in the eastern cities, and the result now is that those men have all the money, and the farmers who let their property in the year before, and hence it is nearly all in banks and safe deposits in the extreme east, while the producing classes cannot get the necessary money to use.

7. Q. But is it not true that very large amounts of silver have been coined since 1873, and that the silver dollar was coined prior to that time?
A. Certainly, but that is not any more primary money. Our standard is gold. When silver was demonetized the dollar ceased to be a unit of value; it ceased to be primary money; the only legitimate money left in the country is gold, and hence no matter how much silver under present arrangements may be coined, it all has to lean upon gold and has no effect whatever upon fixing prices. Hence it would have been just as well, if, instead of being coined, it had been melted into greenbacks, because both alike are made subsidiary to gold, and have to lean upon gold for a value.

8. Q. What is necessary to bring about full restoration of silver?
A. It would be for the government to undo the work of 1873; to say that henceforth the dollar shall be a unit of value, like the gold dollar of 25 grains, be a unit of value, and that the government should take all silver offered at the market price up to \$1.29 per ounce, coin it into dollars, and make it a perfect legal tender for all liabilities of the government or the citizen, absolute primary money as it formerly was.

9. Q. But if the United States should undertake this alone, would not the result be that all the silver in the world would gravitate here until we would be swamped by the amount?
A. Where would the silver come from? There is only about \$500 million in silver in the world. It is all in use as money; in England it is 15 to 1; on the continent of Europe it is 10 to 1; in the United States it is the original money and is all in use. Where could it come from? Again, if all that has been saved from 3,000 years of mining could be dumped upon us, it would give us but \$50 per capita.

10. Q. Would not the re-monetization work a hardship, for instance, upon pensioners who draw regular amounts from the government?
A. It would have the effect to reduce the purchasing power of gold materially. But such pensioners have little homes and have business, and they would have to pay the amount that they draw from the government, and their property would advance more than they would lose by the fall in the purchasing power of the money they receive.

11. Q. Would it not work a hardship on the depositors in savings banks?
A. It would work a little while work a hardship upon them, but it would not hurt the money in the banks, if, however, they were to take it out and invest it in property, they would make more in a year by the advance in the value of property than by leaving their money in the banks for ten years.

12. Q. Would it not be a hardship on wage-earners, as wages do not increase as swiftly as property under such circumstances?
A. To those who have secure places and incomes it would work a little hardship, but it would open fields for every one to obtain employment; men who are working on half time now would be working on full time. Hundreds of thousands of men who cannot get any work, and who are supported by the earnings of others would obtain employment at fair wages, and with the increase of money, the wages of wage-earners would rise swiftly.

13. Q. Can you give any example to prove that what you say is reasonable?
A. Yes. When the gold in California and Australia was discovered which doubled the amount of money in the world in ten years, the result was that all the idle men found employment. There was a market for everything produced from the soil and in the factory. All forms of property doubled in value, and in a year or two labor doubled and found steady employment.

14. Q. Why would it not do, if just the recognition of the government will double the value of silver and make it legitimate money, to do the same by copper and lead?
A. Because gold and silver are the only two precious metals which have all the properties necessary to make perfect money, such as ductility, density, perfect malleability, lustre, etc. But they have another characteristic and that is, that it is not possible, notwithstanding the cupidty of man, to obtain enough of both

to serve the world's work as measures of value. As we said above, all the silver save from all the work of the world amounts to only \$50 per capita for our people, and we have to pay to Great Britain in interest and dividends every twenty years as much gold, or its equivalent, as there is gold in all the world.

15. Q. What would be the advantage of re-monetizing silver?
A. It would have the same effect that would come from the finding of a new gold field from which, within a year, 2,000 million dollars in gold could be obtained. Its first effect would be to loose up the money that is now hoarded throughout the United States and cause the men who own it to put it in property and to improve the property. It would double the price of lands within a short time and all that comes from the lands. And that would make it necessary for 5,000,000 farmers in the United States to employ at least 100,000 more men that are not now being employed. If the farmer's crops could be doubled in price he would have some money to spare; and if among the 5,000,000 farmers there was an average of 50 applicants that would make \$250,000,000 per annum that the merchants and artisans of the country would get which they do not get now.

16. Q. Is it not a fair criticism made in the east, that the men of the west want silver restored simply to obtain a double price for their product?
A. Not at all. Almost every state in the east is much more interested in silver restoration than all the silver states there were but 47,000 ounces of silver mined in the United States. At the going rates, that brought less than \$3,000,000. Now, take any large state of the east and take any product of the farm, corn, wheat or cotton, and see how much more people would receive if prices could be doubled. Or, take a mixed state like Illinois or Ohio, and take any product of the farm, corn, wheat and wool, and see if the price for those products could be doubled, how much greater would be the gain of the people there than the gain of the silver miners. Then take all the silver that we know are like-wise gold miners, and it is perfectly clear that if the price of silver would double, the price of gold would sink one-half. That is, if a gold dollar now in Chicago will buy two bushels of wheat, with silver restored a dollar would buy only one bushel of wheat.

17. Q. If the price of silver were doubled in value because of over-production, would it not be a hardship on the people?
A. There is no such thing as the over-production of silver. It has declined in value simply because the demand for it and recognition of it have been withheld by the nations. It has never in all the history of the world changed in relative value to gold. It is through legislation, and only legislation is necessary to fully restore it, because gold and silver, when both recognized as money, are not like any other commodity. Every other substance is governed by its commercial value. Gold and silver are governed, when both are recognized, by their money value, which brings them to a commercial value up to their money value.

18. Q. Has the demonetization of silver had any effect outside of reducing prices?
A. Yes, it has had the effect, through the impoverishment of the men, to increase the crimes of the country, the suicides, the divorces, the lunatics and the occupants of the work-houses. In the same ratio that silver has fallen, in other words, it has been a blow at civilization itself, and has caused more mental suffering and pecuniary loss than would such a war as the war of the rebellion. The estimated value of the property of the country in 1890 was 70,000 millions of dollars; that of the Empire of Austria was 15,000 millions; that of Russia was 20,000 millions. Since then property in this country has sunk in value to that the amount of the shrinkage aggregates more than the total value of all the property of either Austria or Russia, and it is still falling. Another result is that the rural districts remain stationary in population, while the people from the farms, the young men and women, so soon as they could get away, gravitate to the cities with the result that more than half of them are lost.

19. Q. You have always been a Republican, and you are in favor of the restoration of silver. Is not the tariff really of more importance than the restoration of silver?
A. The present tariff is about the highest ever known, except the McKinley law, and it absolutely fails to supply the needed revenue. It is because the people have not the money, and until the currency question is fixed, no tariff can bring back prosperity. The money of the Orient, which includes Japan, China and Japan--of Egypt, of all Spanish America, is silver, and because of the demonetization of silver, their money is worth only half what our own is. See what chance the American manufacturer has in competing with the manufacturer of China, Japan or Mexico. It would take a 100-per-cent tariff to simply equalize the money and our country and the Orient. It is the burning question of the age, and in our judgment upon its careful final adjustment hangs the fact of whether this nation is to last another two decades in the storm of a new revolution.

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Production of Gold and Silver, 1851-1895.

Year	World's Production		United States' Production		Ratio World's to U.S.
	Gold, Ounces	Silver, Ounces	Gold, Ounces	Silver, Ounces	
1851	6,800,000	21,100,000	2,961,000	49,000	5.36 to 1
1852	6,420,000	21,300,000	2,140,000	40,000	4.57 "
1853	7,520,000	21,300,000	2,140,000	40,000	4.16 "
1854	6,175,000	21,300,000	2,140,000	40,000	4.79 "
1855	6,520,000	21,300,000	2,140,000	40,000	4.79 "
1856	7,140,000	21,400,000	2,961,000	49,000	4.70 "
1857	6,447,000	21,400,000	2,961,000	49,000	4.87 "
1858	6,200,000	21,400,000	2,961,000	49,000	4.87 "
1859	6,400,000	21,500,000	2,419,000	77,000	5.23 "
1860	5,770,000	21,500,000	2,220,000	116,000	5.46 "
1861	5,500,000	22,000,000	2,680,000	1,547,000	5.56 "
1862	5,250,000	22,000,000	1,836,000	1,000,000	5.08 "
1863	5,250,000	22,000,000	1,836,000	1,000,000	5.08 "
1864	5,470,000	22,000,000	1,836,000	1,000,000	5.23 "
1865	5,410,000	22,000,000	1,836,000	1,000,000	5.23 "
1866	5,800,000	22,000,000	1,836,000	1,000,000	5.23 "
1867	5,800,000	22,000,000	1,836,000	1,000,000	5.23 "
1868	5,800,000	22,000,000	1,836,000	1,000,000	5.23 "
1869	5,800,000	22,000,000	1,836,000	1,000,000	5.23 "
1870	5,800,000	22,000,000	1,836,000	1,000,000	5.23 "
1871	5,800,000	22,000,000	1,836,000	1,000,000	5.23 "
1872	4,950,000	22,000,000	1,741,500	27,531,000	13.41 "
1873	4,950,000	22,000,000	1,741,500	27,531,000	13.41 "
1874	4,950,000	22,000,000	1,741,500	27,531,000	13.41 "
1875	4,950,000	22,000,000	1,741,500	27,531,000	13.41 "
1876	4,950,000	22,000,000	1,741,500	27,531,000	13.41 "
1877	4,950,000	22,000,000	1,741,500	27,531,000	13.41 "
1878	4,950,000	22,000,000	1,741,500	27,531,000	13.41 "
1879	4,950,000	22,000,000	1,741,500	27,531,000	13.41 "
1880	4,950,000	22,000,000	1,741,500	27,531,000	13.41 "
1881	4,950,000	22,000,000	1,741,500	27,531,000	13.41 "
1882	4,950,000	22,000,000	1,741,500	27,531,000	13.41 "
1883	4,950,000	22,000,000	1,741,500	27,531,000	13.41 "
1884	4,950,000	22,000,000	1,741,500	27,531,000	13.41 "
1885	4,950,000	22,000,000	1,741,500	27,531,000	13.41 "
1886	4,950,000	22,000,000	1,741,500	27,531,000	13.41 "
1887	4,950,000	22,000,000	1,741,500	27,531,000	13.41 "
1888	4,950,000	22,000,000	1,741,500	27,531,000	13.41 "
1889	4,950,000	22,000,000	1,741,500	27,531,000	13.41 "
1890	4,950,000	22,000,000	1,741,500	27,531,000	13.41 "
1891	4,950,000	22,000,000	1,741,500	27,531,000	13.41 "
1892	4,950,000	22,000,000	1,741,500	27,531,000	13.41 "
1893	4,950,000	22,000,000	1,741,500	27,531,000	13.41 "
1894	4,950,000	22,000,000	1,741,500	27,531,000	13.41 "
1895 (approximate)	5,000,000	22,000,000	2,200,000	46,000,000	17.27 "

that while today goods are, on the average, only about eight per cent cheaper than in 1890, silver is 50 per cent cheaper. The table is appended:

Year	Price 22 American silver dollars	Ratio
1869	100.0	1.00 to 1
1870	100.0	1.00 to 1
1871	100.0	1.00 to 1
1872	100.0	1.00 to 1
1873	100.0	1.00 to 1
1874	100.0	1.00 to 1
1875	100.0	1.00 to 1
1876	100.0	1.00 to 1
1877	100.0	1.00 to 1
1878	100.0	1.00 to 1
1879	100.0	1.00 to 1
1880	100.0	1.00 to 1
1881	100.0	1.00 to 1
1882	100.0	1.00 to 1
1883	100.0	1.00 to 1
1884	100.0	1.00 to 1
1885	100.0	1.00 to 1
1886	100.0	1.00 to 1
1887	100.0	1.00 to 1
1888	100.0	1.00 to 1
1889	100.0	1.00 to 1
1890	100.0	1.00 to 1
1891	100.0	1.00 to 1
1892	100.0	1.00 to 1
1893	100.0	1.00 to 1
1894	100.0	1.00 to 1
1895	100.0	1.00 to 1

It is true, as the silver men claim, that wheat and cotton have fallen since 1873 almost to the same extent that silver has fallen. But the following table shows that in other words, it has been a blow at civilization itself, and has caused more mental suffering and pecuniary loss than would such a war as the war of the rebellion.

Year	Corn, bu.	Oats, bu.	Pork, per cwt.	Silver, per oz.
1871	42.9	25.7	11.65	1.22
1872	34.8	23.4	11.14	1.28
1873	34.8	23.4	11.14	1.28
1874	34.8	23.4	11.14	1.28
1875	34.8	23.4	11.14	1.28
1876	34.8	23.4	11.14	1.28
1877	34.8	23.4	11.14	1.28
1878	34.8	23.4	11.14	1.28
1879	34.8	23.4	11.14	1.28
1880	34.8	23.4	11.14	1.28
1881	34.8	23.4	11.14	1.28
1882	34.8	23.4	11.14	1.28
1883	34.8	23.4	11.14	1.28
1884	34.8	23.4	11.14	1.28
1885	34.8	23.4	11.14	1.28
1886	34.8	23.4	11.14	1.28
1887	34.8	23.4	11.14	1.28
1888	34.8	23.4	11.14	1.28
1889	34.8	23.4	11.14	1.28
1890	34.8	23.4	11.14	1.28
1891	34.8	23.4	11.14	1.28
1892	34.8	23.4	11.14	1.28
1893	34.8	23.4	11.14	1.28
1894	34.8	23.4	11.14	1.28
1895	34.8	23.4	11.14	1.28

This table shows, in other words, that as compared with 1873, in gold prices, corn was 10 per cent higher in 1894, cotton about the same, and wheat pork about the same, while silver had fallen 50 per cent. If the fall in wheat and cotton had been caused by a contraction of the volume of the world's standard money, there would have been a corresponding fall in the prices of all other commodities. No such thing has happened, and it is not reasonable to infer that the fall in wheat, cotton and one or two other articles has been due to special causes, unconnected with the currency? This is the view taken by some of the greatest of modern economists, among whom we may mention the names of Liebig, who in L'Economiste for March 20, 1895, wrote:

"The demonstration that the abandonment of silver in nowise affects the fall in prices is shown decisively by considering other products no longer imported from the standard countries, but which are produced or nearly so, from gold standard countries. Take wool, for instance. Few articles have fallen so low in price. It comes from Scandinavian countries, with gold standard; from Canada (gold). Then again there is wool. That comes principally from Australia (gold), from the Cape (gold), and a small quantity from Argentina (gold), which has no metal standard, but paper money. Coffee, on the contrary, which comes from a country whose exchange has depreciated prodigiously (Brazil), has risen during the last twenty years. Instead of seeking a cause unique and mysterious for the low price of a host of articles it would be better to examine the special cause of the depreciation of each one of them, and they are soon found, viz.: The opening up of new countries; agricultural progress and intensive culture in old countries; pestiferous navigators; and the lowering of freight rates, by coinciding with the reduction in the rate of increase of population in civilized countries. Production makes enormous progress by scientific applications, and the population increases less and less in France, Belgium, Switzerland, in England, the United States and all over the civilized world."

The principal arguments of the free coinage movement having thus been shown to be based on a misstatement of facts, but little remains to be said in reply to the minor arguments. The Salt Lake Tribune's chief worry, as indicated in the foregoing quotations, is that to be lest there should not be enough gold in the world to make a stable basis for the world's currency. We reply to this fear by quoting as follows from the New York Evening Post:

"The industrial use of gold has in recent years been a subject of close investigation, and the result has been a general agreement among experts being that \$200,000,000 is a safe outside estimate on the annual consumption for such purposes in

the world. It may readily be figured out that this would still leave, under the estimate of production for 1896, no less than \$70,000,000 worth of gold annually for the world's consumption. How large a percentage is it to existing money supplies is of course a very difficult question to determine. In 1885, however, Dr. Adolph Soetbeer undertook the task. His figures have an interest as being the nearest approximation which we are likely to obtain to the exact truth of the matter. He reckoned the total metallic money actually in all civilized states that year at 2,207,000,000 marks, or roughly \$5,300,750,000. These figures had of course no reference to bank or government paper money, and they do not include legal-tender silver. On such a total, the current annual gold production, after allowing for the industrial use of gold, represents an annual increase of the world's metallic money supply of more than 3 per cent. Neither the population, nor the foreign trade, nor domestic operations as represented by clearing-house exchanges, show any state an increase even approximating this.

The assertion that silver has fallen because of demonetization rather than because of overproduction does not stand the test. Attention is called to the above large table taken from official sources. From this table it appears that the fall of variation in the world's gold production has been from 4,290,000 ounces in 1874 to 5,000,000 in 1895, less than 100 per cent, whereas the range of variation of the world's silver production has been from 31,100,000 ounces in 1851 to 167,730,000 in 1894, or nearly 500 per cent.

For the United States alone to undertake to hold this tremendous mass of silver up to a ratio toward gold representing double the commercial value of silver would be to attempt what any rational man comprehending the real facts must readily perceive to be a physical impossibility. Most especially it would work "some little hardship" on "pensioners," "depositors in savings banks" and "wage earners." And not only a little but a very big hardship, which would spread among all classes of our citizenship until every business interest would be crushed under